

Message Text

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11

ACTION EB-07

INFO OCT-01 EUR-12 IO-10 ISO-00 FEA-01 AGR-10 CEA-01

CIAE-00 COME-00 DODE-00 FRB-01 H-02 INR-07 INT-05

L-02 LAB-04 NSAE-00 NSC-05 PA-02 AID-05 CIEP-02 SS-15

STR-04 TAR-01 TRSE-00 USIA-15 PRS-01 SP-02 OMB-01

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R 111258Z APR 75

FM AMEMBASSY ANKARA

TO SECSTATE WASHDC 8774

INFO USMISSION GENEVA

UNCLAS ANKARA 2908

E.O. 11652: N/A

TAGS: ETRD, ECIN, TU

SUBJECT: REQUEST FOR U.S. SUPPORT OF TURKISH PROPOSAL
AT GATT CONSULTATIONS

1. EMBOFF WAS CALLED TO MINISTRY OF FOREIGN AFFAIRS APRIL 11
TO RECEIVE AIDE-MEMOIRE ASKING U.S. SUPPORT AT UPCOMING GATT
CONSULTATIONS FOR GOT REQUEST FOR CONTINUATION OF A WAIVER TO
PERMIT MAINTENANCE OF A STAMP DUTY. TEXT OF AIDE-MEMOIRE
FOLLOWS: BEGIN QUOTE ON 24TH OR 25TH OF APRIL 1975, CONSULTATIONS
WILL BE HELD WITH TURKEY IN GATT, AT THE "COMMITTEE ON BALANCE
OF PAYMENTS RESTRICTIONS" UNDER ARTICLE XVIII: 12(B) OF THE
GENERAL AGREEMENT.

QUOTE THESE CONSULTATIONS, WHICH ARE HELD REGULARLY AT
EVERY TWO YEARS, ARE INTENDED TO PROVIDE AN OPPORTUNITY FOR AN
EXCHANGE OF VIEWS AMONG THE CONSULTING COUNTRIES ON VARIOUS
PROBLEMS AFFECTING THE FREE FLOW OF MULTILATERAL TRADE.

QUOTE BALANCE OF PAYMENTS RESTRICTIONS APPLIED BY
TURKEY UNDER THE PROVISIONS OF ARTICLE XVIII: 12(B) OF THE
GENERAL AGREEMENT WILL BE EXPLAINED IN FULL DETAIL, TOGETHER WITH
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ITS CIRCUMSTANCES IN THE "BASIC DOCUMENT FOR CONSULTATIONS"

TO BE PRESENTED TO ALL MEMBERS OF GATT BY TURKEY.
QUOTE DURING THESE CONSULTATIONS, STAMP DUTY ON IMPORTS
INTO TURKEY IMPOSED BY THE TURKISH LAW NO. 828, AS AMENDED ON
26 DECEMBER 1972, WILL ALSO BE DISCUSSED.

QUOTE AS IT WILL BE RECALLED, THE CONTRACTING PARTIES, BY
THEIR DECISION ON 24 AUGUST 1969, WAIVED THE PROVISIONS OF
PARAGRAPH 1 OF ARTICLE II OF THE GENERAL AGREEMENT TO ALLOW THE
GOVERNMENT OF TURKEY TO MAINTAIN AS A TEMPORARY MEASURE, THE
STAMP DUTY NOT EXCEEDING A SPECIFIED AD VALOREM RATE ON IMPORTS
TO TURKEY OF PRODUCTS INCLUDED IN SCHEDULE XXXVII UNTIL 31
DECEMBER 1972,

QUOTE THE TURKISH GOVERNMENT HAD INFORMED THE CONTRACTING
PARTIES IN DUE TIME AND PRIOR TO LEGISLATIVE ACTION, ITS INTENTION
TO EXTEND THE STAMP DUTY FOR THE PERIOD OF THE THIRD FIVE-YEAR
PLAN, THAT IS UNTIL 31 DECEMBER 1977.

QUOTE DURING THE REGULAR CONSULTATIONS WHICH TOOK PLACE
ON 1 MAY 1973, THE CONTRACTING PARTIES HAVING EXAMINED THE
IMPACTS OF THE STAMP DUTY, HAVE DECIDED TO EXTEND THE WAIVER
ON STAMP DUTY UNTIL THE NEXT CONSULTATIONS.

QUOTE AT THE CONSULTATIONS WHICH ARE TO BE HELD SOON,
THE EXTENSION OF THE WAIVER UNTIL 31 DECMEBER 1977 WILL BE
REQUESTED BY THE TURKISH GOVERNMENT, AS ENVISAGED BEFORE.
QUOTE THE STAMP DUTY DOES NOT HAVE ANY RESTRICTIVE EFFECT
ON TURKISH IMPORTS. A STUDY OF THE BALANCE OF TRADE OF TURKEY,
DURING THE YEARS WHEN THE STAMP DUTY IS IMPOSED, WILL CLEARLY
SHOW THAT TURKISH IMPORTS HAVE FAR SURPASSED THE PROGRAMMED
AMOUNTS. HOWEVER, THE STAMP DUTY CONTRIBUTES TO EASE INFLATIONARY
PRESSURES BY CHANNELLING DOMESTIC DEMAND ACCORDING TO THE
PRIORITIES LAID DOWN IN THE DEVELOPMENT PLAN. IT ALSO PROVIDES
AN IMPORTANT INCOME SOURCE FOR FINANCING THE THIRD FIVE-YEAR
DEVELOPMENT PLAN. DURING THE CONSULTATIONS, TURKISH DELEGATION
TO THE GENERAL AGREEMENT ON TARIFFS AND TRADE (GATT) WILL
EXPLAIN IN FULL DETAIL THE IMPACTS OF THE STAMP DUTY ON THE
TURKISH ECONOMY TO ALL CONTRACTING PARTIES.
QUOTE THE STAMP DUTY RATES, WHICH ARE 9 PERCENT AND 9.5 PERCENT
ARE APPLIED TO IMPORTS FROM ALL SOURCES WITHOUT ANY DISCRIMINATION.
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IN THIS RESPECT, NO DISTINCTION IS MADE BETWEEN THE EEC MEMBERS
AND THE OTHER GATT MEMBERS.

QUOTE UNDER THE ABOVE CONSIDERATIONS, THE TURKISH GOVERNMENT
WILL HIGHLY APPRECIATE THE SUPPORT OF ITS REQUEST OF A WAIVER
TO MAINTAIN THE STAMP DUTY ON IMPORTS UNTIL 31 DECEMBER 1977.
END QUOTE

2. COMMENT. GOT EXPECTS NO PARTICULAR PROBLEM IN OBTAINING
EXTENSION WAIVER. MFA POINTED OUT THAT WHEN THE LAST WAIVER WAS
OBTAINED IN MAY 1973 TURKISH FOREIGN EXCHANGE RESERVES WERE
AT \$1,800 MILLION OR ABOUT 12 MONTHS IMPORTS. FOREIGN EXCHANGE
RESERVES HAVE NOW SLIPPED SHARPLY IN RECENT MONTHS TO \$1,350
MILLION OR ABOUT FOUR MONTHS IMPORTS . PROSPECTS ARE THAT TURKISH
BALANCE OF PAYMENTS WILL BE UNDER FURTHER PRESSURE IN YEAR AHEAD.
EMBASSY RECOMMENDS DEPARTMENT SUPPORT GOT REQUEST FOR
EXTENSION OF WAIVER.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE, NEGOTIATIONS, BALANCE OF PAYMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 11 APR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975ANKARA02908
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750128-0255
From: ANKARA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750460/aaaacdcx.tel
Line Count: 125
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ellisoob
Review Comment: n/a
Review Content Flags:
Review Date: 29 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <29 SEP 2003 by SilvaL0>; APPROVED <05 JAN 2004 by ellisoob>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: REQUEST FOR U.S. SUPPORT OF TURKISH PROPOSAL AT GATT CONSULTATIONS
TAGS: ETRD, ECIN, TU
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006